



Presentation of 2023 Annual Work Plan

Review of Prior Year Results

May 2, 2022

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LaToya Jordan, Deputy Auditor for Human Capital and Operations

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Overview

- Office Update
- Proposed 2023 Work Plan
- Prior Work Plan Results

OFFICE UPDATE

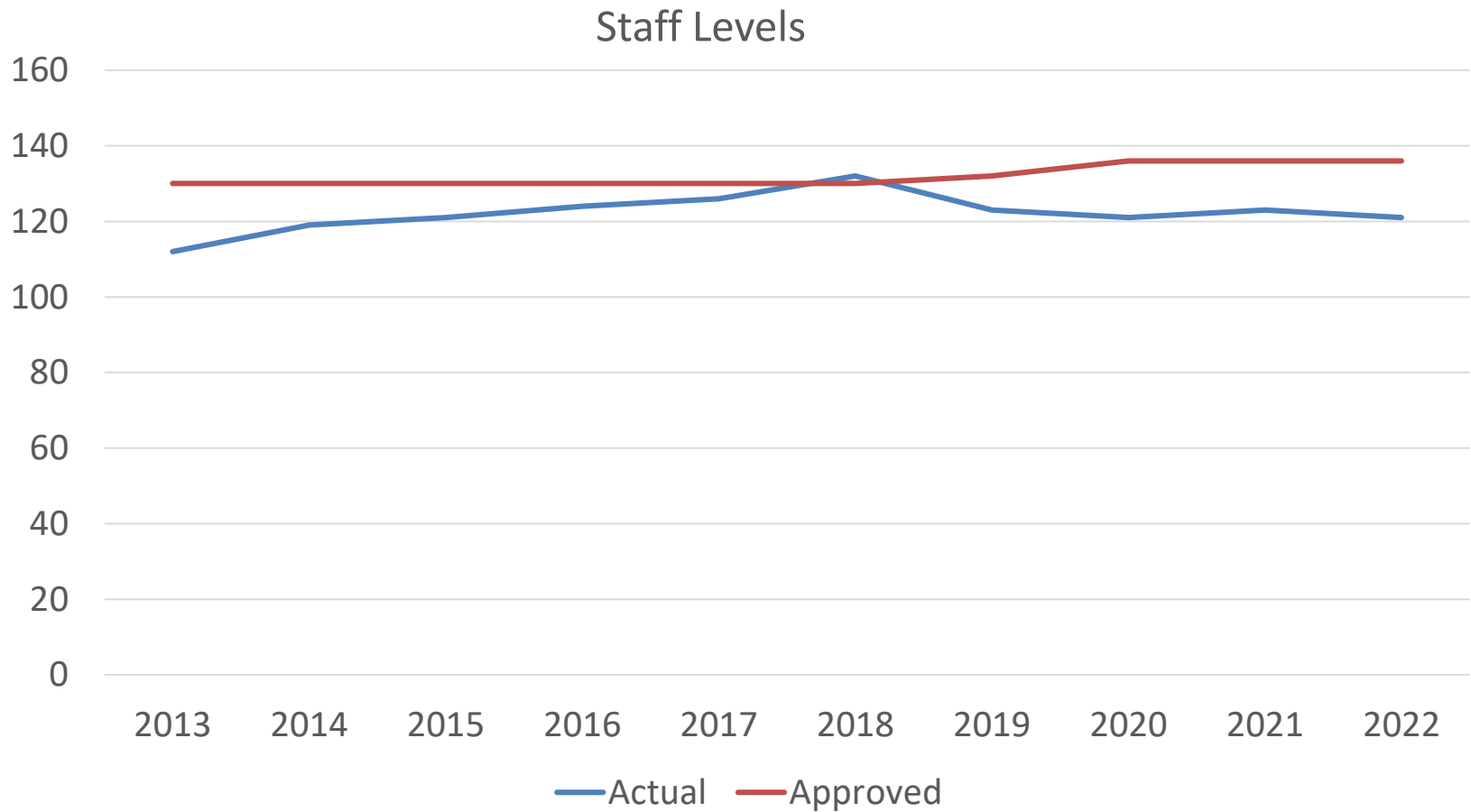
Top Workplace in Metro Area – 9 years running



Richmond Times-Dispatch

the APA is a 2022 Top Workplace!

Staffing Levels



Organizational and Compensation Structure

The Committee on Joint Rules approved our new organizational and compensation structure in December 2021 and it was implemented in March 2022.

- Increased starting salary
- Provided an additional promotional opportunity
- Increased the salary adjustment for becoming a licensed Certified Public Accountant

Audit Manager

Audit Supervisor

Senior Auditor

Auditor

Associate Auditor

Salary Scales



Adjustments reflect pending salary increase in amended budget to be approved by General Assembly



Minimum and maximum scales reflect either 4% or 5% increase effective June 10, 2022



Bonuses may also be given to reward exceptional performance or passing professional exams



Raises may be given within the salary bands and will follow our compensation plan and budget

Salary Scales

Position	Number of Positions	Salary Scale 5% Increase	Salary Scale 4% Increase
Deputy	2	\$110,972 – \$214,002	\$109,915 – \$211,963
Project Leader	14	84,952 – 198,770	84,143 – 196,877
Auditor	90	56,228 – 132,943	55,692 – 131,676
Staff	30	35,005 – 93,381	34,672 – 92,491
Total	136		

Strategic Planning 2020 - 2025

Directive 1 - *Enrich our culture with a focus on Human Capital*

Directive 2 - *Foster an environment that emphasizes knowledge sharing*

Directive 3 - *Enhance engagement with external stakeholders*

Directive 4 - *Leverage technology to strengthen internal operations*

Directive 5 - *Cultivate innovative solutions to enhance project quality*

Strategic Planning 2020 - 2025

Directive 1 - *Enrich our culture with a focus on Human Capital*

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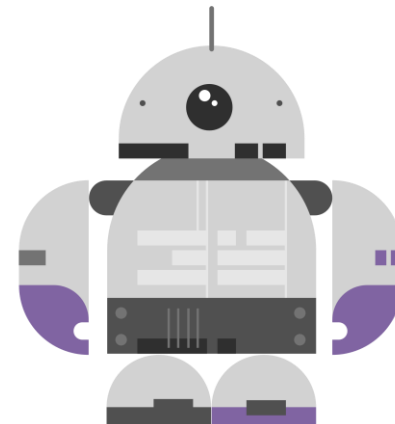


Strategic Planning 2020 - 2025

Directive 3 - *Enhance engagement with external stakeholders*

Directive 4 - *Leverage technology to strengthen internal operations*

Directive 5 - *Cultivate innovative solutions to enhance project quality*



Initiatives in Progress



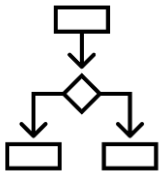
APA Website



Expanded Data Analytics Training



Software Sandbox



Robotic Process Automation

RPA Savings by Fiscal Year

FY Savings

\$22.0K

FY ROI

63%

FY Hours Saved

367

FY New Automations

7

Robotic Process Automation Projects

- Analysis of firewall logs
- Data entry for APA system upgrade
- Data retrieval and imports
- Local government data import for Comparative Report

PROPOSED 2023 WORK PLAN

Proposed 2023 Work Plan

- Annual work plan = work performed primarily during fiscal year 2023
- ACFR, Single Audit of federal funds, and mandatory projects are major focus
- Use risk factors to determine the audit work to be performed with remaining resources

Work Plan Comparison (hours)

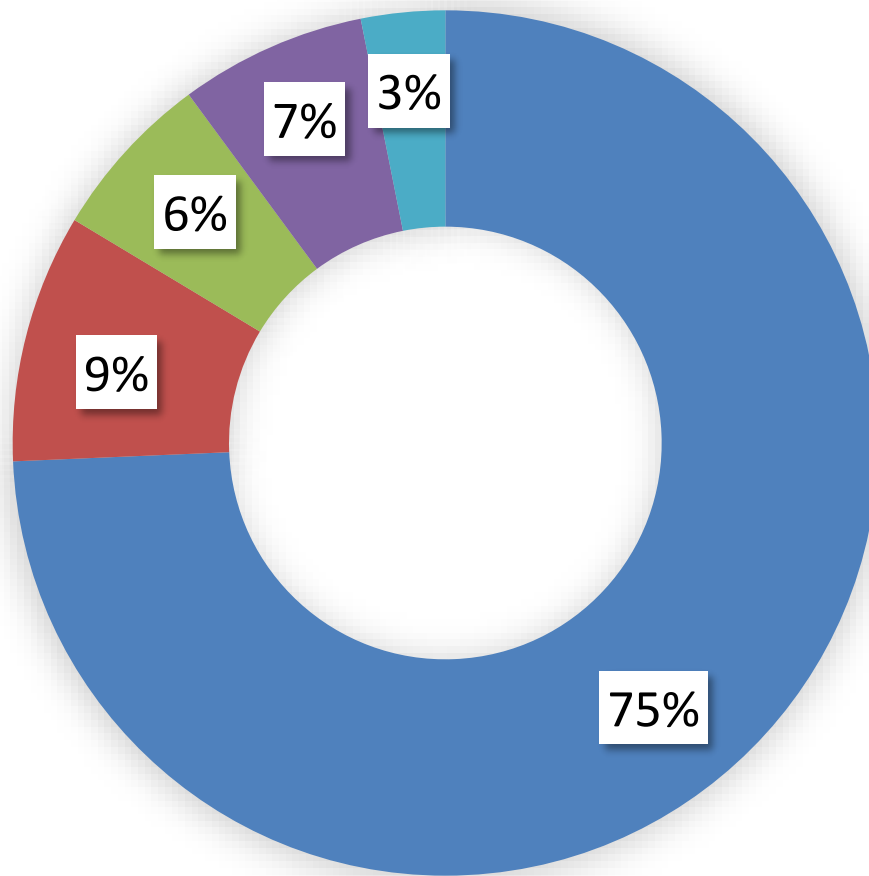
Proposed FY 2023 Work Plan	152,280
Prior Year Work Plan	<u>148,085</u>
Increase	4,195

- Increases are primarily in higher education institution audits and the Finance and Health and Human Resources Secretariat audits offset by decreases in other areas

Total Hours by Function

Function	Hours
Special and Agency Projects:	
Special Projects	4,775
Executive Departments	113,180
Cycled Agencies	9,565
Independent Agencies	10,610
Judicial (Agencies, Clerks, and Courts) and Local Governments	14,150
TOTAL 2023 WORK PLAN	152,280

Total Hours by Function



- Executive (excluding cycled agencies)
- Judicial (agencies, clerks, and courts) and Local Government
- Cycled Agencies
- Independent Agencies
- Special Projects

Hours by Executive Departments (Total 113,180)

Department	Hours
Executive Offices and Administration	2,945
Commerce and Trade	3,640
Education	2,990
Education – Higher Education Institutions	58,525
Finance	25,355
Health and Human Resources	12,635
Natural Resources	100
Public Safety and Homeland Security	1,150
Transportation	5,840

Cycled Agencies

- Approximately 70 agencies
 - No mandatory annual audit requirement
 - Generally, do not support the ACFR or Single Audit of federal funds
- Our approach to auditing cycled agencies involves dividing them into two pools based on risk

Risk Analysis – All Cycled Agencies

Pool I – Low Risk

- Special Project on Specific Cycle
- Single Report
- ICQ

Pool II – High Risk

- Agency Audit of Specific Cycle(s)
- Multiple Reports
- ICQ

Types of Special Projects

- Projects Required by Legislation, Statute, or Appropriation Act
- Projects Determined by an Analysis of Risk

Special Projects: Required by Legislation, Statute, or Appropriation Act - Recurring

- *Commonwealth Data Point* Internet Database
- Local Government Fiscal Distress Analysis
- Review of Chapter 759/769 Bond Issuance Limit

Special Projects: Required by Legislation, Statute, or Appropriation Act – Recurring

- APA Annual Report
- MEI Project Approval Commission
- PPEA Comprehensive Agreement Review
- Review of Performance Measures

Special Projects: Risk Based Analysis

- Fraud Monitoring
- Statewide Analysis of Cardinal
- Comparative Report for Higher Education
- Progress Report on Selected Systems Development Projects in the Commonwealth

Requested Action

- Approval of the proposed 2023 Work Plan
- Approval of increase in salary scales

PRIOR WORK PLAN RESULTS

Comparative Report of Local Government

- FY2021 draft report published on February 15
- Expect to issue final report early May 2022
- Locality reporting delays impact completion of our data review process for the final report issuance

Comparative Report of Local Government

- Reporting delays
 - Missing data and audited financial reports for 27 localities for February 15th draft
 - Currently missing data for 12 localities
 - Cities of Emporia, Hopewell, Norton, and Petersburg
 - Counties of Accomack, Bedford, Brunswick, King William, Lee, Prince William, Pulaski, and Warren
 - Will issue an amended report later this year to include missing localities once we receive their submissions

Locality Reporting Submissions

Financial Reports	Filed by 11/30; 12/15*	Filed by 2/1; 2/15*	Filed after 2/1; 2/15*	Pending
FY2021*	114	30	15	12
FY2020*	125	23	22	1
FY2019	113	37	20	1

Transmittal Data	Filed by 11/30; 12/15*	Filed by 2/1; 2/15*	Filed after 2/1; 2/15*	Pending
FY2021*	134	11	14	12
FY2020*	136	15	19	1
FY2019	146	9	15	1

City of Hopewell has not yet submitted its required financial reporting for fiscal years 2019, 2020, and 2021.

*Effective for FY2021, legislation changed the locality reporting deadline from 11/30 to 12/15 and the Office's Comparative Report deadline from 1/31 to 2/15.

Local Fiscal Distress Monitoring

- Acts of Assembly directs our Office to annually monitor data and information as part of our early warning system to identify potential fiscal distress at localities
- Early warning system consists of two components

Ratio Analysis

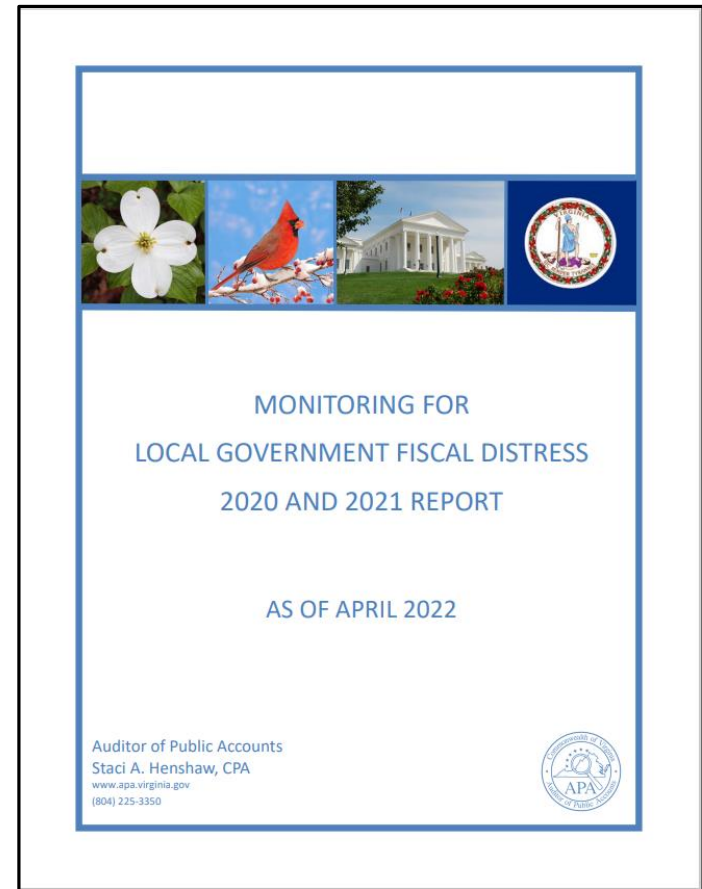
- Calculate 12 financial ratios using audited financial reports
- Analyze each locality's ratio performance using a points-based methodology

Qualitative Review

- Review demographic, qualitative, and other external factors for localities receiving a high number of ratio points in total for all ratios

Annual Monitoring Process

- Released 4th report as of April 2022
 - Results of 2020-2021 monitoring process based on fiscal years 2019 and 2020 audited financial statement data



Annual Monitoring Process – April 2022

Report Results

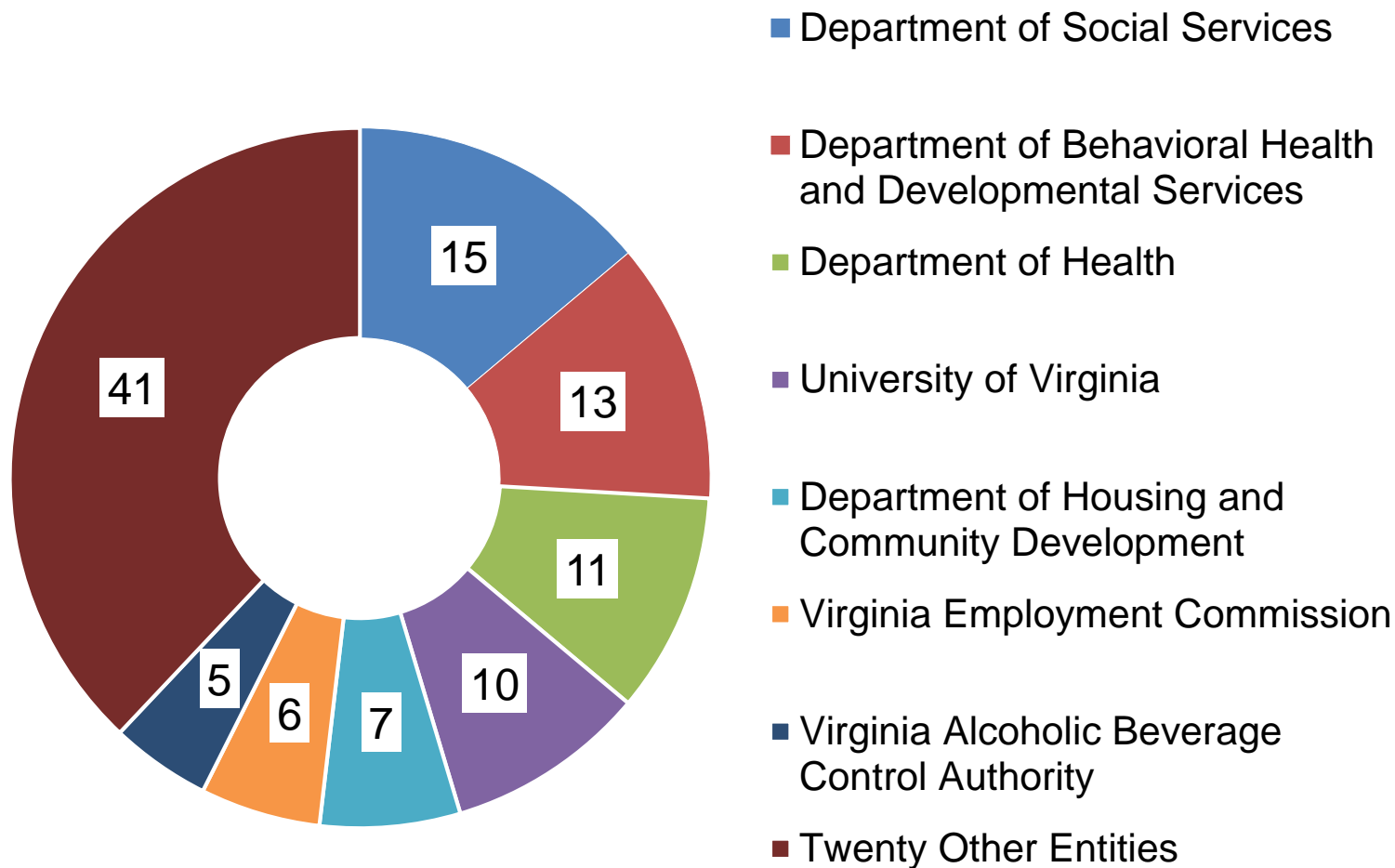
- Did not identify any new locality showing unexpected trends in total ratio points or other qualitative factors
- Identified City of Buena Vista due to significant downward trends in FY19 and FY20 ratios
 - Communicated with the city multiple times throughout 2021
 - Awaiting a response from the city regarding our request to participate in our follow-up review process
- Continue to qualitatively identify the City of Hopewell due to delay in completing annual financial reports

Continue to Monitor Impact of COVID-19

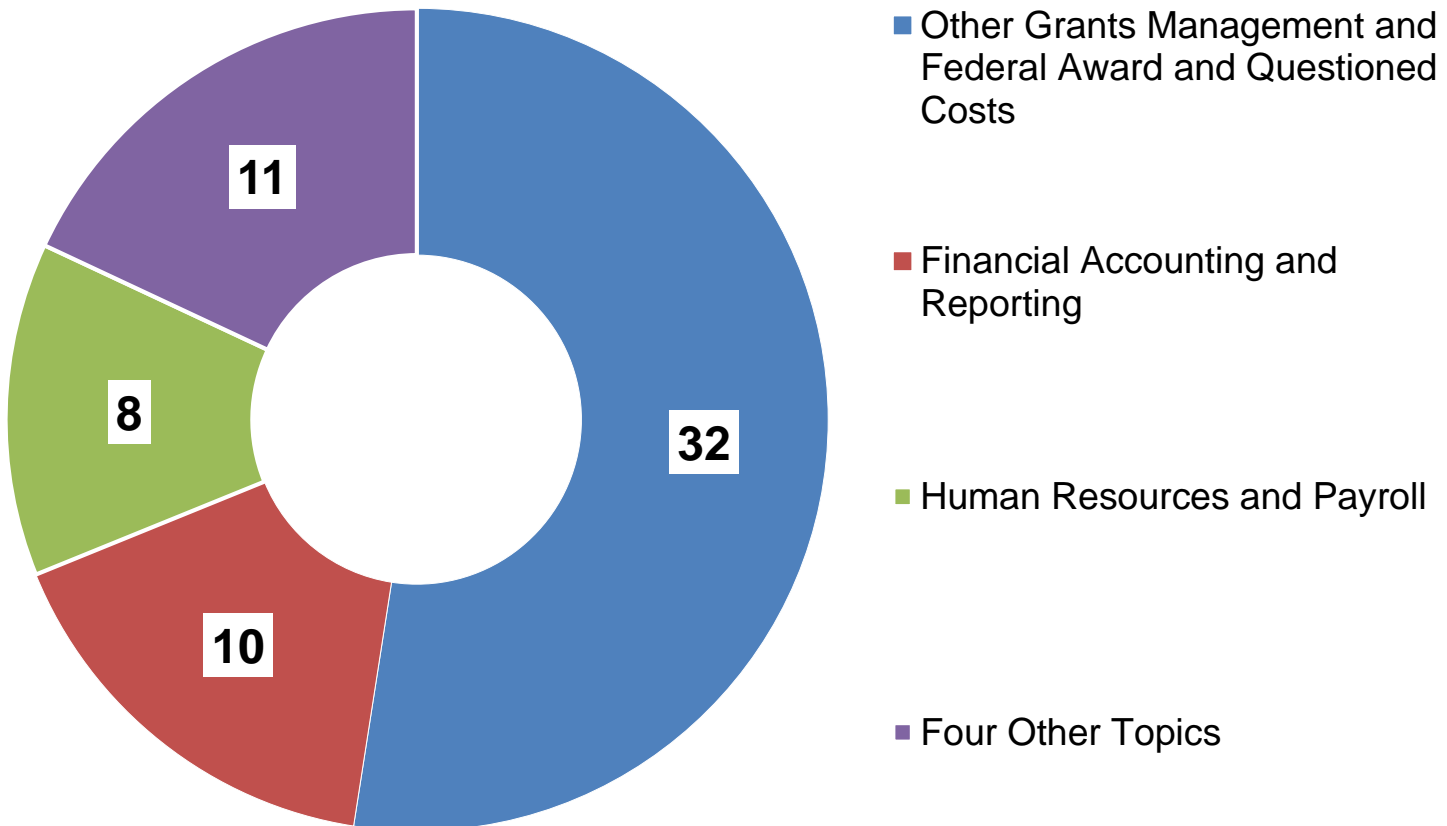
- Monitoring existing ratios that measure available reserves and sufficiency of revenues
- Consider increase in spending relative to pandemic related Federal aid localities receive
- Qualitative consideration using DHCD's [July 2020 Local Vulnerability Analysis report](#)
 - Report presented to the Commission on Local Government analyzes other indicators in addition to their Fiscal Stress Index to identify locality specific impact from COVID-19
- Monitor any other qualitative factors on a case-by-case basis

ACFR and Single Audit Results

Note: Five findings reported deficiencies at multiple entities. For this graph, these deficiencies are broken-out and included to the total of each entity impacted.

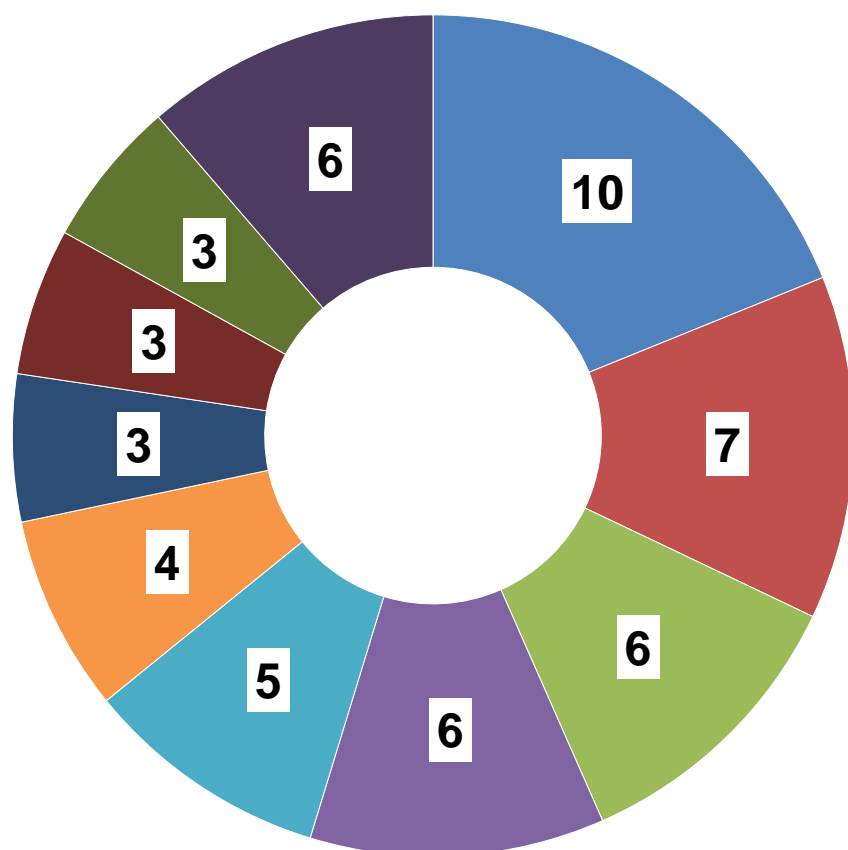


ACFR and SSA Results – Non IT Issues



ACFR and SSA Results – IT Issues

Note: Nine findings reported deficiencies with multiple control families. For this graph, these deficiencies are broken-out and included to the total of each control family impacted.

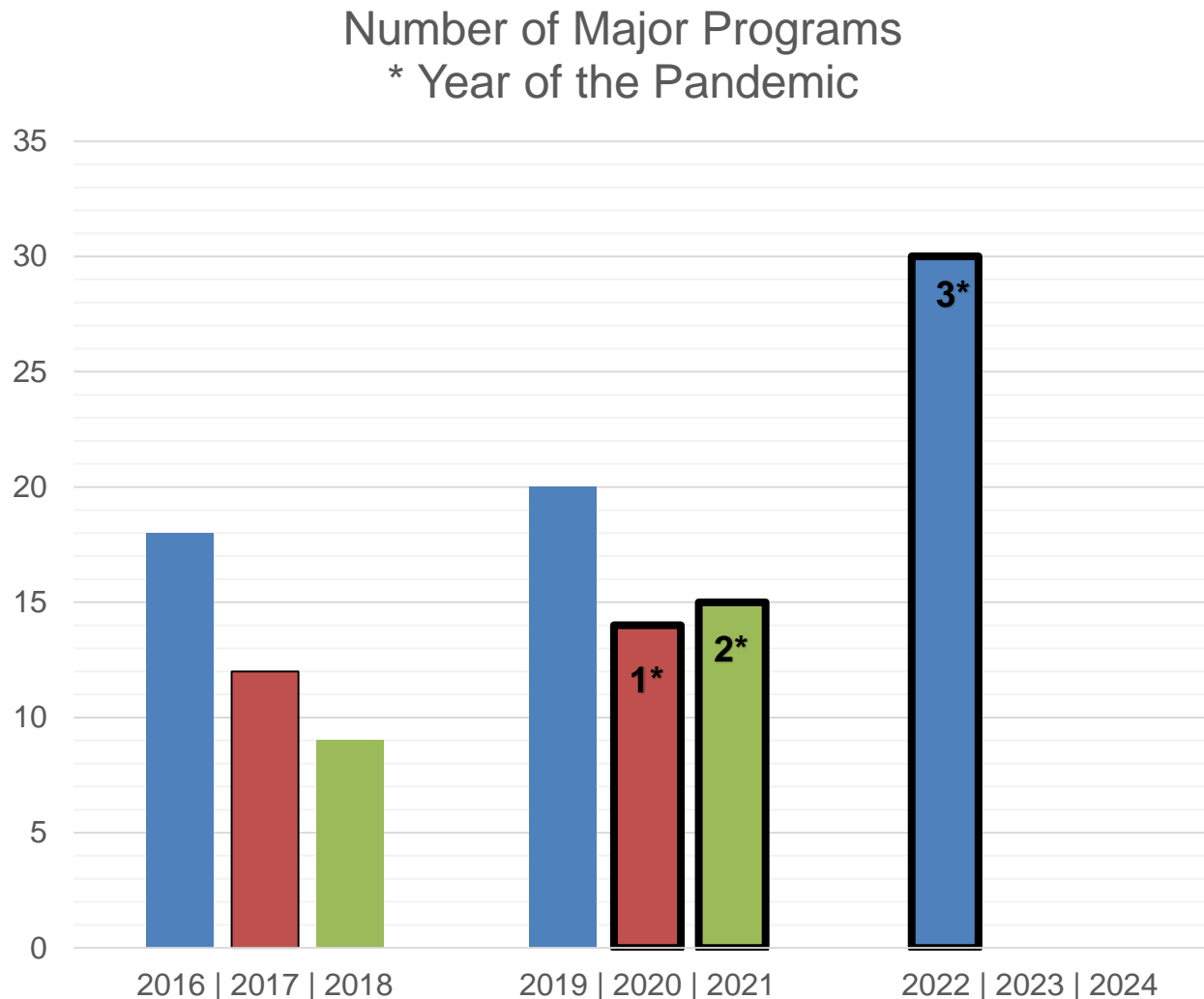


- Access Control
- Contingency Planning
- Personnel Security
- Configuration Management
- System and Information Integrity
- Risk Assessment
- Planning
- Awareness and Training
- Audit and Accountability
- Five Other Control Families

Increase in Audit Effort as a Result of Federal COVID Funding

- Federal expenditures increased 40 percent from \$23.3B to \$32.5B between FY20 and FY21
 - Increase is 121% between FY19 (\$14.7B) and FY21
- Four new COVID related programs that required testing
- Two existing programs with increased funding that required testing
- Two programs that the federal government identified as higher risk that required testing

Trends in 3-Year Audit Cycle for Major Programs



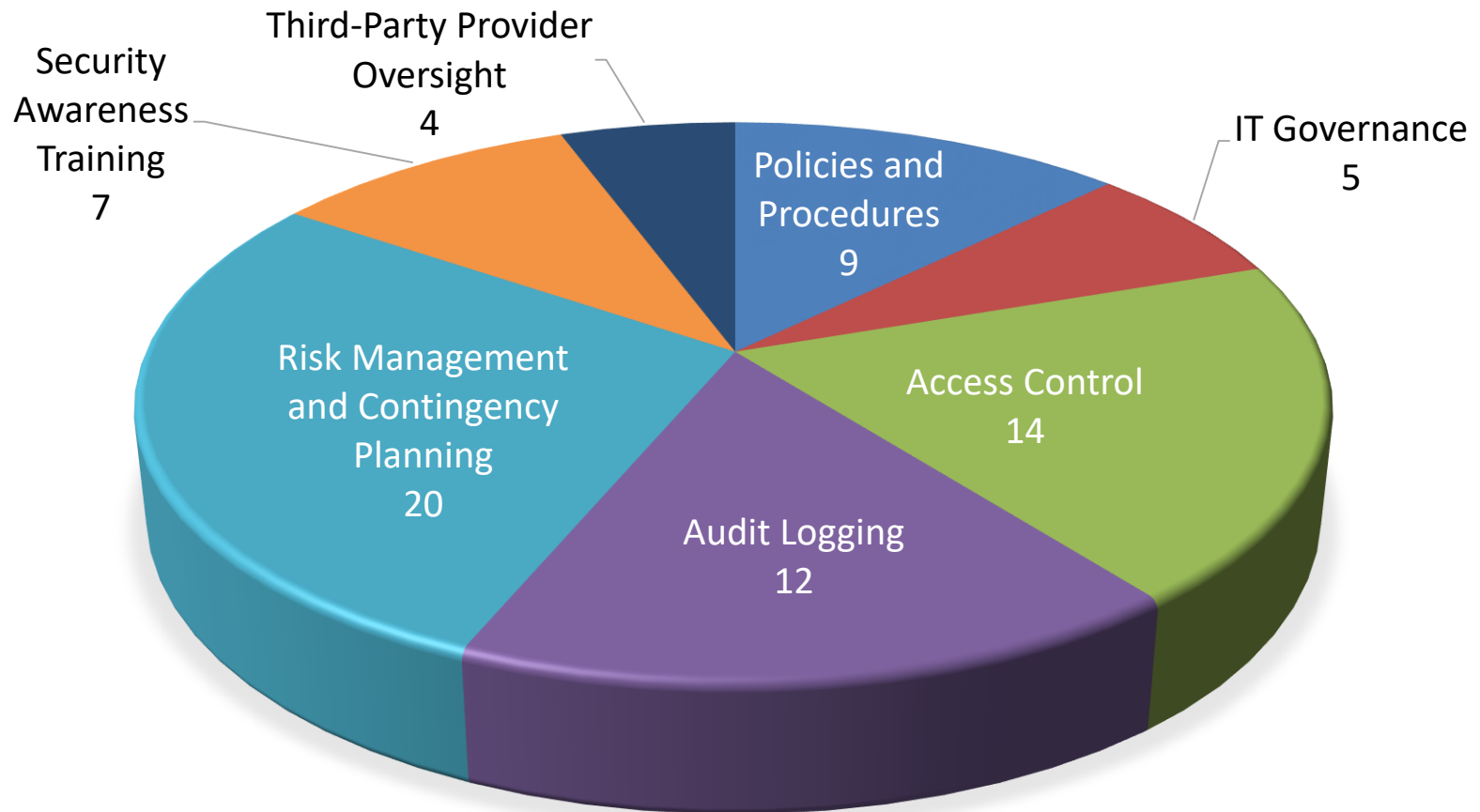
Cycled Agency Information System Security Review

- Reviewed 7 ISS control areas at 19 agencies
 - Policies and procedures
 - IT governance
 - Access control
 - Audit logging
 - Risk management and contingency planning
 - Security awareness training
 - Third-party provider oversight

Cycled Agency ISS Review – Agency Results

Results by # of Agencies	Adequate ISS Control Areas
2	7 of 7
1	6 of 7
4	5 of 7
1	4 of 7
3	3 of 7
6	2 of 7
2	0 of 7

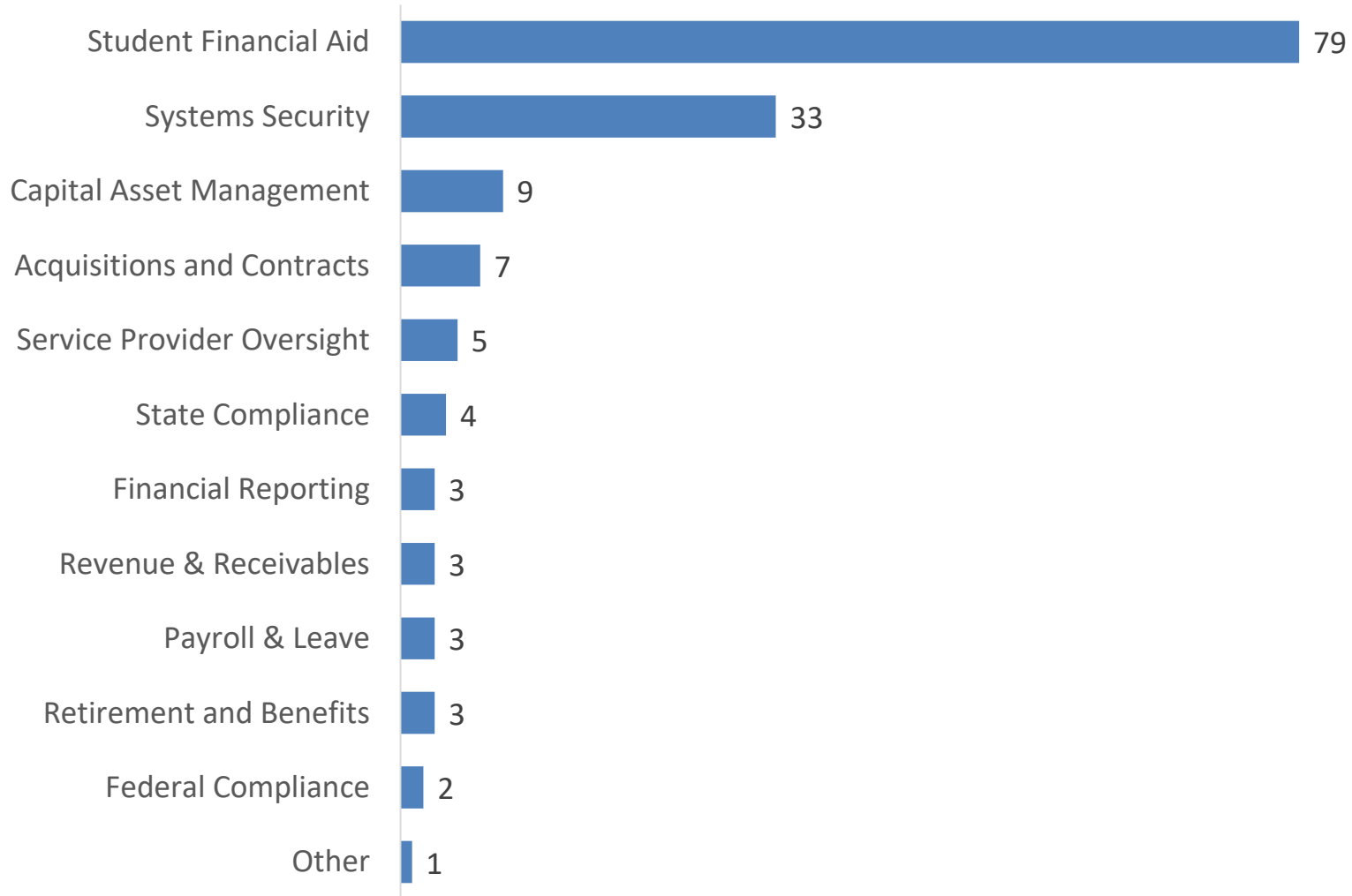
Cycled Agency ISS Review – Total Findings by Area



Higher Education Financial Statement Audit Results

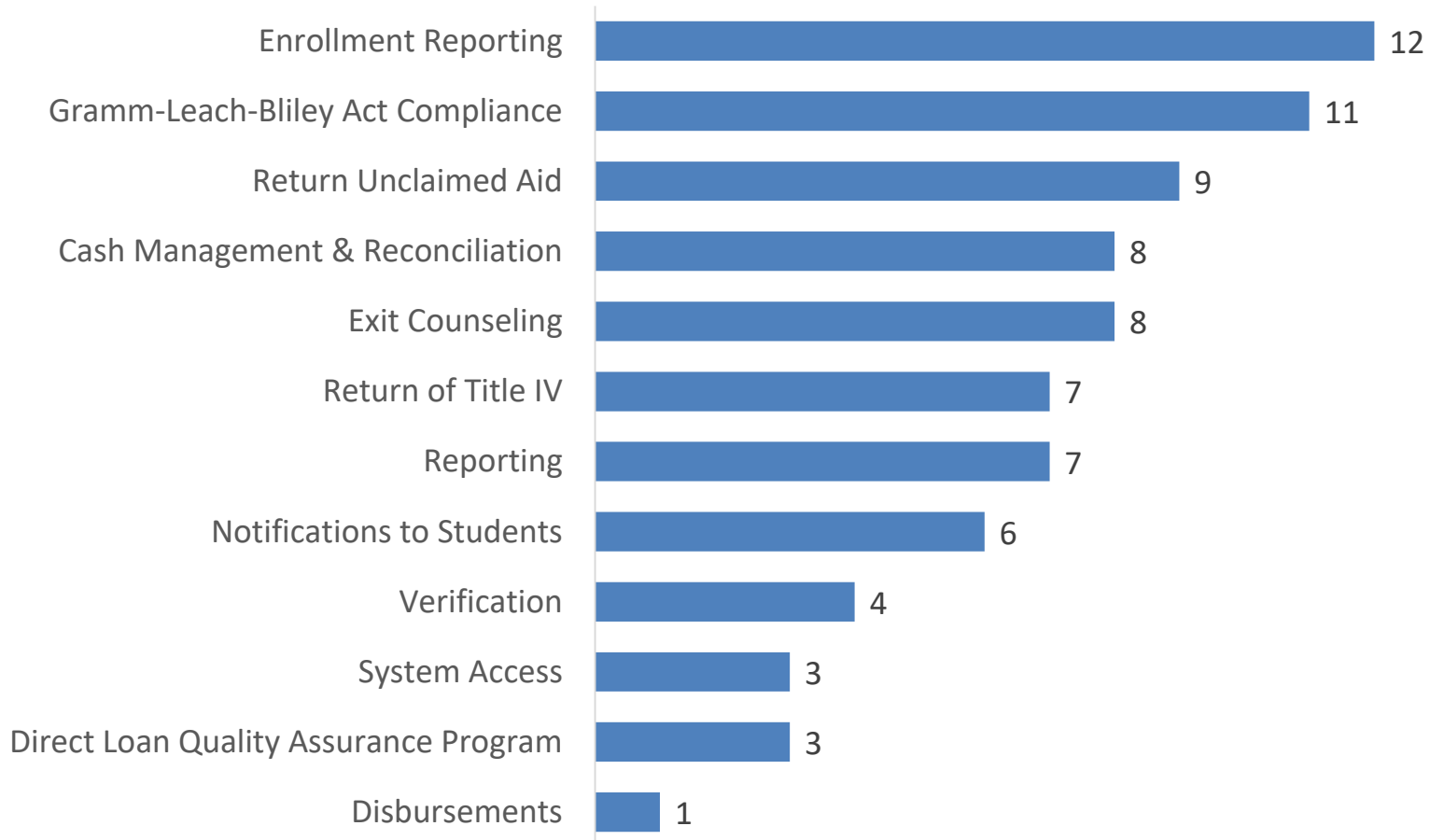
- 2021 audits of UVA, VCU, VT
- 2020 audits of remaining 4-year institutions and VCCS
- Audited Student Financial Aid and Education Stabilization Fund to support Single Audit
- No material weaknesses
- 152 significant deficiencies across 20 institutions

Higher Education Institution Findings by Area



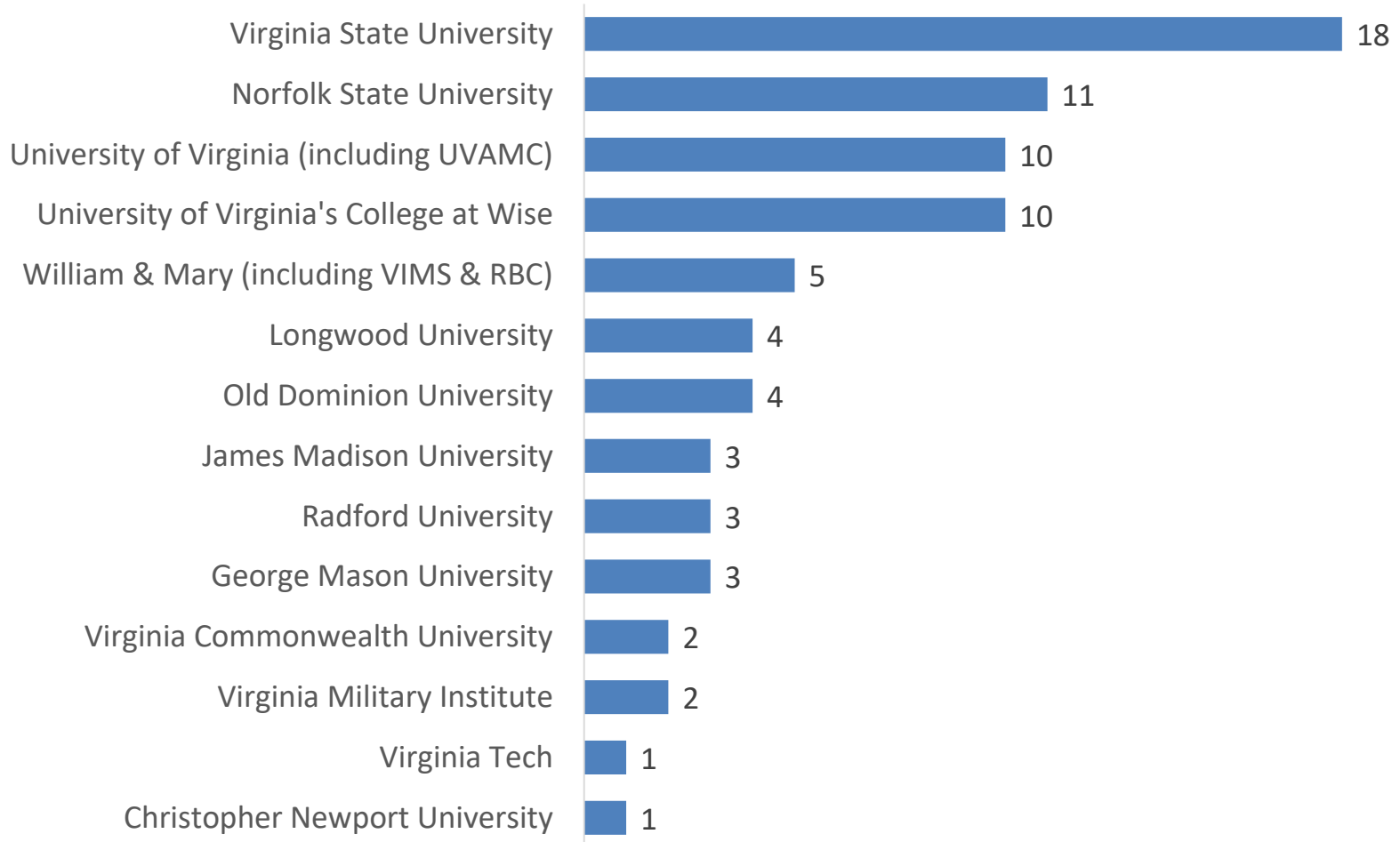
Higher Education Institution Findings

Student Financial Aid



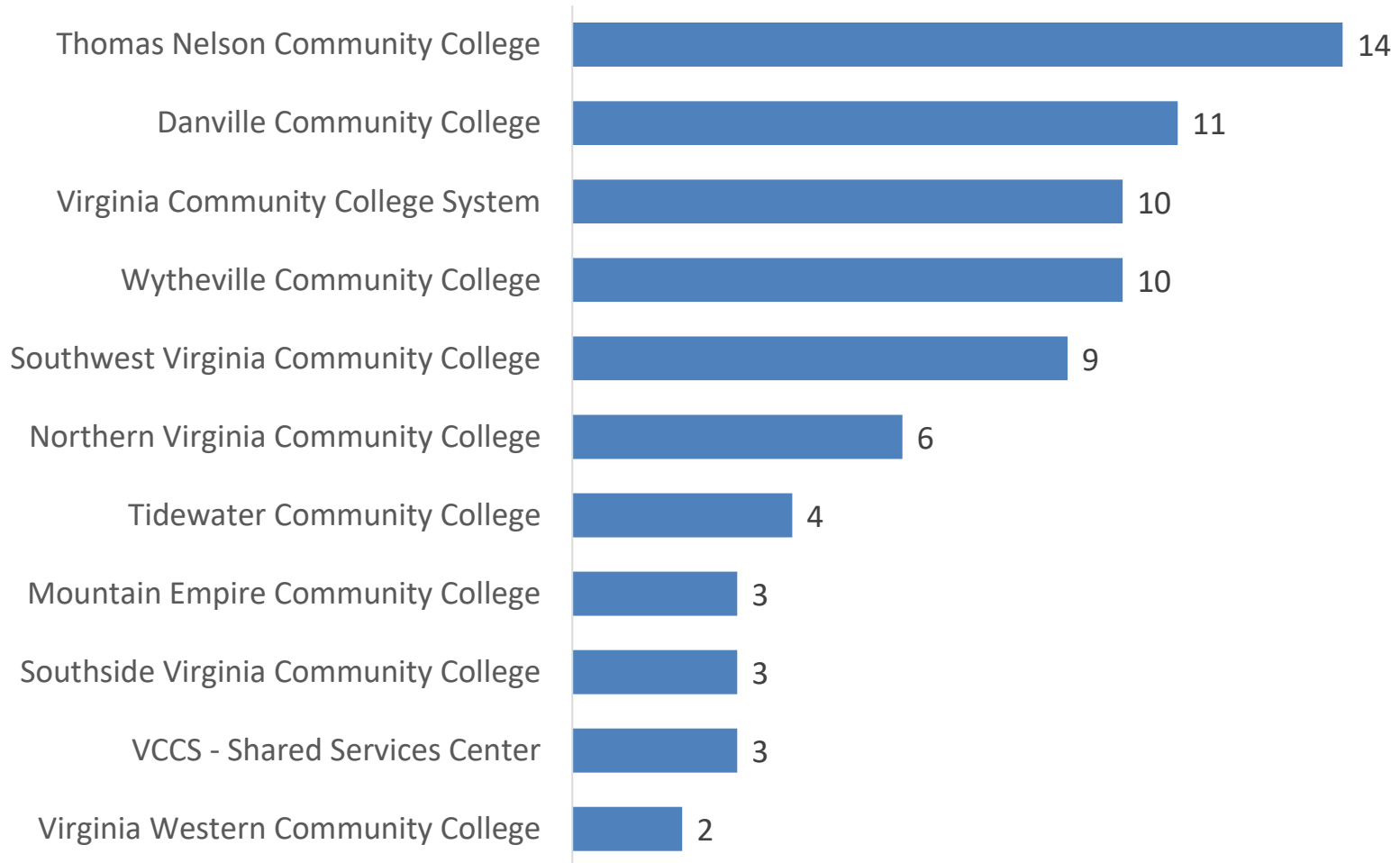
Higher Education Institution Findings by Institution

Four-Year Institutions (and RBC)



Higher Education Institution Findings by Institution

Virginia Community College System



QUESTIONS?